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Massachusetts Department of Energy Resources
100 Cambridge St., Suite 1020
Boston, MA 02114

Dear MA DOER,

Thank you for the opportunity to submit the comments of Emera Energy Services Inc. (“EES”). EES is a wholly-owned subsidiary of Emera Inc. Emera also owns Bangor Hydro Electric Company. EES provides scheduling, wheeling and bidding services to renewable generation in the Maritime Provinces of Canada to enable the energy and Renewable Energy Credits (RECs) reach the ISO-NE control area such that all current MA RPS regulations are fulfilled. EES is currently the marketing agent of West Cape Wind Farm located in Prince Edward Island and is actively supporting other developing wind farms requiring similar services, depending on the outcome of the DOER proceedings and rulings.

We are writing in our capacity as experts in transporting electricity from the Maritimes into the ISO-NE control area to express our serious concern with the proposed new “capacity” and “netting” requirements. Should these changes go forward as contemplated today, there would be a likelihood that EES would exit the agent/energy management services as supplied to Maritimes based renewable generators wishing to sell energy and RECs into the Massachusetts New Renewable market given the significant risk profile it would present to these projects.

We are aware that there are several letters being submitted to DOER that discuss, in detail, the specific issues that implementing these two requirements would cause. Rather than present an in depth discussion of the range of issues with each, we would like to briefly list those issues and reaffirm the following:

- **Capacity**
 - Transition Capacity Period – Currently, it is not feasible to firmly commit capacity over the NB transmission tie due to limitations of “space” on the tie and the lack of certainty of awards of capacity by ISO-NE.
 - Forward Capacity Auctions 1-3 – the application deadlines for these three auctions, covering in total the period June 2010 – May 2013, is closed (the show of interest for FCA 3 was closed September 15, 2009).

- Forward Capacity Auction 4 and beyond – applying for FCA 4 and beyond is not feasible as wind generation is a highly dynamic process leading to uncertainty of final nameplate capacity. FCAs by their timeline require a high degree of certainty over three years in advance.
 - Reconfiguration Auction – the Forward Capacity Markets allow for these auctions to fine tune the annual capacity up or down. First, the market rules do not mandate that ISO-NE even hold these auctions. Second, even if they are held, there is no certainty of obtaining capacity. Lastly, even if a party was successful in obtaining a capacity contract it would be limited to one year (for imports) – hence an external renewable generator with a multi-year contract (often needed to finance the construction of wind farms) would have to win every year the reconfiguration auction is held which is a high risk proposition.
 - Bilateral Market – There are multiple risks and uncertainty associated with this prospective trading mechanism. 1) Although this market exists for the current Transition Market, there is limited, if any bilateral market for the first FCA period. 2) Even if clearly stated details existed, the ISO-NE rules state that there is no certainty of identifying counterparties in the bilateral market. 3) If a potential counterparty was identified, there is no assurance of quantity, zone location or price. The bilateral market is the last resort for buying capacity and, as demonstrated above, it is infeasible.
- **Netting**
 - Documentation - the documentation needed to effectively manage the EES import and export transactions, along with the potential exposure of revealing sensitive information, would make working within the guidelines of this regulation extremely challenging. Today, EES has gone through significant effort and cost to separate business from one customer to another by establishing separate legal entities, along with associated collateral posting requirements. Therefore, we cannot support pooling so that renewable energy importers are somehow adversely affected by business conducted in an entirely separate entity.
 - Non-renewable energy exports - EES is an active exporter and importer of energy over the NB/ISO-NE tie and hence the passage of this netting rule, as currently contemplated could lead us to terminating the current renewable exporting contracts (from units in the Maritimes) and ceasing to negotiate with other renewable developers working on wind farms in the Maritimes.

EES strongly supports the growth of the regional renewable generation market and the potential for importing even more renewable energy to assist New England states in meeting their Renewable Portfolio Standard goals and reducing regional emissions. The capacity and netting provisions, if allowed to become regulations by DOER, will impede this regional effort and will reduce the overall efficiency of the energy and REC markets.

At the recent 32nd Annual Conference of New England Governors and Eastern Canadian Premiers in Bar Harbor Maine on September 16th, the parties resolved to, “...find ways to further

develop and use the region's renewable energy sources to enhance the region's long-term energy independence...", we hope that the MA DOER is able to make its contribution to enhanced air quality for the Northeast without the proposed capacity and netting requirements.

Thank you for this opportunity to share our views.

Respectfully,

A handwritten signature in black ink, appearing to read "Wayne O'Connor".

Wayne O'Connor

COO

Emera Energy Services

cc. James Spurr, General Counsel and Vice President, Government Relations, Emera Inc
Karen Hutt, Director, Power Origination & Asset Management, Emera Energy Services

